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May 10, 2018

VIA E-FILING

Ms. Jocelyn D. Boyd
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

RE: Annual Review of Base Rates for Fuel Costs for South Carolina Electric & Gas
Company
Docket No. 2018-2-E

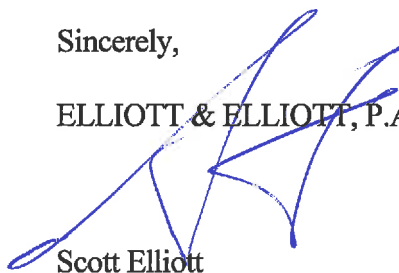
Dear Ms. Boyd:

Enclosed please find for filing the Petition for Rehearing or Reconsideration on behalf of the South Carolina Energy Users Committee ("SCEUC") in the above-captioned matter. By copy of this letter, I am serving all parties of record.

If you have questions, please do not hesitate to contact me.

Sincerely,

ELLIOTT & ELLIOTT, P.A.



Scott Elliott

SE/lbk
Enclosures

cc: All parties of record (w/encl.)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-2-E

IN RE:)	
Annual Review of Base Rates for Fuel Costs)	PETITION FOR REHEARING OR RECONSIDERATION
For South Carolina Electric & Gas Company)	

The South Carolina Energy Users Committee (“SCEUC”), Intervenor in the above referenced proceeding, hereby petitions the South Carolina Public Service Commission (“Commission”) for rehearing or reconsideration of Order No. 2018-322, dated April 30, 2018, and Order No. 2018-322(A) dated May 2, 2018, approving fuel costs for South Carolina Electric & Gas Company (“SCE&G”). Specifically, SCEUC petitions the Commission pursuant to S.C. Code Ann. §58-27-2150 (1976) and S.C. Code Ann. Reg. 103-854 to reconsider certain of its findings and conclusions with respect to the Commission’s decision to relieve SCE&G from the requirement that it provide its customers with certain monthly fuel recovery reports and quarterly fuel forecasts. For the reasons hereinafter set out, SCEUC would respectfully submit that the Commission overlooked and misapprehended the uncontested evidence of record.

SCEUC’s members purchase and consume substantial amounts of electricity from SCE&G. Relatively small shifts in fuel costs may have a substantial impact on industrial customers. SCE&G has been required to provide the monthly fuel recovery reports and quarterly forecasts to SCEUC since 2006. The monthly fuel reports and quarterly forecasts provide

SCE&G's customers with valuable information needed to anticipate their cost of fuel and to budget accordingly

SCE&G has agreed to provide SCEUC with the monthly fuel recovery reports and quarterly fuel forecasts. At the hearing on the merits, Mr. Allen Rooks agreed on behalf of SCE&G to provide the parties with copies of the monthly fuel recovery reports and the quarterly fuel forecasts. (Tr. p. E 100, l. 25 – p. E 101, l. 18, attached hereto as Exhibit 1)

The provisions agreed to by Mr. Rooks are consistent with the provisions of the previous Public Service Commission orders approving settlement agreements in fuel dockets. For instance, the settlement agreement approved in Docket No. 2017-2-E provides in pertinent part,

- B.11. Upon written request, SCE&G will provide the following to the Settling Parties:
 - a. Copies of the monthly fuel recovery reports currently filed with the Commission and ORS; and,
 - b. Quarterly forecasts beginning with the quarter ending June 30, 2017, of the expected fuel factors to be set at SCE&G's next annual fuel proceeding and SCE&G's historical over (under)-collected balance to date. SCE&G agrees it will put forth reasonable efforts to forecast the expected fuel factors to be set at its next annual fuel proceeding; however, the Settling Parties agree that these quarterly forecasts will not be admitted into evidence in any future SCE&G proceeding.

The Commission found the provisions of the settlement agreement in the public interest. Order No. 2017-246 at pages 8 – 9, 55.

Indeed, the Commission has historically found the terms of the parties' settlement agreements and the requirement that SCE&G provide the monthly and quarterly reports to be in the public interest. A study of Commission dockets reflect that SCE&G submitted to the requirement that it provide its customers with the monthly fuel recovery reports and quarterly forecasts since May of 2006. See Commission Order No. 2006-235(A), Order No. 2007-257, Order No. 2008-323, Order No. 2009-289, Order No. 2010-336, Order No. 2011-319, Order No.

2012-295, Order No. 2013-244, Order No. 2014-380, Order No. 2015-306, Order No. 2016-299.

In each instance, the Commission found the provisions of settlement including the requirement that SCE&G provide monthly fuel recovery reports and quarterly fuel forecasts to be in the public interest. Moreover, requiring SCE&G to furnish both reports is a just and reasonable exercise of the Commission's authority. S.C. Code Ann. Sections 58-3-140 and 58-27-140.

The provision requiring SCE&G to provide monthly fuel recovery reports and quarterly forecasts is not unique to SCE&G. Historically, Duke Energy Carolinas, LLC has been required by the terms of the settlement agreement in its annual fuel proceeding to provide monthly fuel recovery reports and quarterly fuel forecasts. See Order No. 2017-597. Duke Energy Progress, LLC has likewise been required to provide these monthly fuel reports and quarterly forecasts. See Order No. 2017-405.

Accordingly, SCEUC respectfully requests that the Commission rehear or reconsider the matter and issue its order requiring SCE&G to provide the parties to this docket with the following:

- a. Copies of the monthly fuel recovery reports currently filed with the Commission and ORS; and,
- b. Quarterly forecasts beginning with the quarter ending June 30, 2017, of the expected fuel factors to be set at SCE&G's next annual fuel proceeding and SCE&G's historical over (under)-collected balance to date. SCE&G agrees it will put forth reasonable efforts to forecast the expected fuel factors to be set at its next annual fuel proceeding; however, the Settling Parties agree that these quarterly forecasts will not be admitted into evidence in any future SCE&G proceeding.

The Office of Regulatory Staff concurs in SCEUC's petition.

For the foregoing reasons, as well as those set out at trial and in its correspondence to the Commission submitted April 20, 2018, the South Carolina Energy Users Committee respectfully

requests that the Commission rehear those issues set out above, reconsider its orders respecting those issues and issue its order consistent with the arguments set out above.

Respectfully submitted,



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*Attorney for the South Carolina Energy
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Columbia, South Carolina
May 10, 2018

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

HEARING #18-11716 APRIL 10, 2017 10:35 A.M.

DOCKET NO. 2018-2-E:

SOUTH CAROLINA ELECTRIC & GAS COMPANY – *Annual Review of Base Rates for Fuel Costs*

TRANSCRIPT OF TESTIMONY
AND PROCEEDINGS

EXCERPT [PART 1]

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COMMISSION MEMBERS PRESENT: Swain E. WHITFIELD,
CHAIRMAN; Comer H. 'Randy' RANDALL, VICE CHAIRMAN;
and COMMISSIONERS John E. 'Butch' HOWARD, Elliott
F. ELAM, Jr., Elizabeth B. 'Lib' FLEMING, Robert T.
'Bob' BOCKMAN, and G. O'Neal HAMILTON

ADVISOR TO COMMISSION: F. David Butler, Esq.
Senior Counsel

STAFF: Jocelyn G. Boyd, Chief Clerk/Administrator; Joseph
Melchers, General Counsel; F. David Butler, Esq., Senior Counsel;
James Spearman, Ph.D., Executive Assistant to Commissioners;
Douglas K. Pratt, Thomas Ellison, and John Powers, Technical
Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court
Reporter; and Hope Adams and Calvin Woods, Hearing Room Assistants

APPEARANCES:

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RICHARD L. WHITT, ESQUIRE, representing SOUTHERN CURRENT, INTERVENOR

KATIE C. OTTENWELLER, ESQUIRE, representing SOUTH CAROLINA COASTAL CONSERVATION LEAGUE and SOUTHERN ALLIANCE FOR CLEAN ENERGY, INTERVENORS

ANDREW M. BATEMAN, ESQUIRE, and **JENNY R. PITTMAN, ESQUIRE**, representing the SOUTH CAROLINA OFFICE OF REGULATORY STAFF

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1 year.

2 **A** [LYNCH] That's what I mean, yes. And I see that as the
3 methodology.

4 **Q** Okay, Dr. Lynch, I do not have any further questions for
5 you. Thank you very much.

6 **A** Thank you.

7 **CHAIRMAN WHITFIELD:** Thank you, Mr. Snowden.
8 Mr. Elliott.

9 **MR. ELLIOTT:** Yes, sir. Just a few.

10 **CROSS EXAMINATION**

11 **BY MR. ELLIOTT:**

12 **Q** Nothing for you, Dr. Lynch.

13 **A** [LYNCH] Oh. Glad to see you, Mr. Elliott.

14 [Laughter]

15 **Q** Yes, sir, pleasure's mine.

16 But I do have just a few for you, Mr. Rooks,
17 please.

18 **A** [R00KS] Okay.

19 **Q** In – could you get Exhibit 1 to your testimony out,
20 please?

21 **A** [R00KS] [Indicating.]

22 **Q** I'll draw your attention to page 1-of-2.

23 **A** [R00KS] Okay.

24 **Q** And, in particular, I want to draw your attention, if I
25 may, what, under your exhibit as filed, is January '18

1 forecasted costs. Do you see that column?

2 A [ROOKS] I do.

3 Q And in that column, you are showing a forecast cost of
4 purchased power and interchange received of about \$45
5 million? Am I reading that correctly?

6 A [ROOKS] Yes.

7 Q All right. I have not seen, I think, your January fuel
8 report, but have y'all issued that?

9 A [ROOKS] Yes.

10 Q So do you know what your purchased power and interchange
11 figure was for January?

12 A [ROOKS] The actual – if you'll bear with me one moment,
13 I think I have that.

14 Q Okay.

15 A [ROOKS] Yes. Our actual purchased power for January was
16 about \$46.4 million.

17 Q All right. And then, just generally speaking – it is
18 January – is the month and the temperature, is that the
19 driver of that high cost?

20 A [ROOKS] Yes, it sure is. I was doing some research
21 today and looking at National Weather Service weather
22 readings. The highest temperature in Columbia or
23 Charleston for the first seven days of the year was 42
24 degrees. Heating degree days were 97 percent above
25 normal, for that heating day period. So it was an

1 extreme weather event. We hadn't seen eight days of
2 heating degree days of that magnitude since going back
3 to '91, from some of the records I saw.

4 Q Yeah. And I'm intrigued that you're able to forecast
5 it?

6 A [ROOKS] No, sir. We used, in this case – we did not
7 have complete forecast information available, as of the
8 time of the filing of this testimony, and so we used
9 some numbers that were available to us at that time,
10 that weren't complete, that weren't to the point of
11 final scrutiny.

12 Q But you're real close, is my point.

13 A [ROOKS] Yes.

14 Q I'm complimenting you. I wanted to ask, your table is
15 very similar to that of Ms. Smith's, but she has a
16 slight difference in the way she lays out her costs.
17 Are you familiar with her table?

18 A [ROOKS] I have reviewed it briefly, not in great detail.
19 But I'd be happy to.

20 Q Well, do you have it handy?

21 A [ROOKS] Sure [indicating].

22 Q I just have one short series of questions about it. And
23 I'm looking at Ms. Smith's Exhibit -5, and I'm on page
24 2-of-2, and I'm staying in the same context of that
25 January '18, just for my sake of ease.

1 A [ROOKS] Okay.

2 Q Ms. Smith sets out the public service authority credits.
3 Do you see that fourth line from the top?

4 A [ROOKS] I do.

5 Q All right. Tell me what those credits are.

6 A [ROOKS] That's actually for their portion of site usage,
7 at the site.

8 Q At the nuclear site?

9 A [ROOKS] Correct.

10 Q Yes. And you combine that credit in your fossil-fuel
11 total?

12 A [ROOKS] Correct.

13 Q I'm just curious why?

14 A [ROOKS] Because we credit that to the fossil line,
15 essentially. That's site power for any electrical
16 requirements there; it's split based on the ownership
17 percentages for that project. And so we assess – or, we
18 give customers credit back, because some of that power
19 flowed through, so we give the customers credit back for
20 that amount that Santee reimburses us for.

21 Q All right. And do you have any dispute or issue with
22 Ms. Smith's valuations of those public service authority
23 credits?

24 A [ROOKS] No, I do not.

25 Q Now, in the good old days – say, last year – when we had

1 settlement agreements in these fuel cases, the company
2 always agreed to provide to ORS and the parties to the
3 docket the monthly fuel recovery reports. Do you recall
4 that?

5 A [ROOKS] Yes.

6 Q Is the company prepared to continue that practice of
7 providing the ORS and the parties to this docket the
8 monthly fuel recovery reports?

9 A [ROOKS] Sure. Yeah, I don't see why we wouldn't.

10 Q All right. Thank you. And then, at the same time, in
11 those previous documents, the company always agreed to
12 provide the ORS and the parties quarterly forecasts,
13 fuel forecasts. Do you recall that?

14 A [ROOKS] I do.

15 Q Is the company prepared to continue that practice of
16 providing the ORS and the parties quarterly fuel
17 forecasts?

18 A [ROOKS] Yes.

19 Q Good. Thank you for that. And, last, I just want to
20 draw your attention to these, you call them, interest
21 credit swaps? Am I calling them by the right name?

22 A [ROOKS] Yeah, that's fair enough.

23 Q I'm close? I might have them in the wrong order. Do
24 you recall writing a letter to the Commission – I
25 believe it was yours – no, do you recall SCE&G writing a

1 letter, Mr. Gissendanner, a letter to the Commission
2 back on February 22, 2018, explaining how y'all intended
3 to proceed with those credit swaps?

4 A [ROOKS] I do.

5 Q Okay. And I think, as I understand it from Mr.
6 Gissendanner's letter, y'all applied about \$115 million
7 in these swaps to fuel?

8 A [ROOKS] Correct. It was about \$113.7 million.

9 Q And so, thus, we can see – coming back to your Exhibit
10 -1 – we can see where, very quickly, you anticipated
11 going, in January, from about a \$55 million
12 undercollection to about a \$52 million overcollection,
13 correct?

14 A [ROOKS] Correct.

15 Q That accounts for that. Now, apparently, you did even
16 better than the \$115 million in swaps. I think you got
17 another \$39 million, roughly, about the same time?

18 A [ROOKS] Not –

19 Q Did you settle –

20 A [ROOKS] Not sure on that. Just – was that in the
21 letter?

22 Q It is. And if you don't know, that's fine, but let me
23 try a little farther. Mr. Gissendanner writes that, in
24 December of '17, E&G settled eight interest-rate swaps
25 at an aggregate cost of \$39 million. Does that sound

1 familiar to you?

2 **A** [ROOKS] Yes. That would be positions that were not at a
3 gain, but at a loss.

4 **Q** All right. And so what I — in Mr. Gissendanner's
5 letter, and this is my point, he goes on to say that it
6 would be treated, I think, as a regulatory asset, as set
7 out in the joint Petition filed on January 12, 2018, and
8 he refers the reader to paragraph 57(C)(1) of the joint
9 Petition? Do you know exactly how the joint Petition
10 proposed to do that, in this paragraph 57(C)(1)?

11 **A** [ROOKS] I don't have that right in front of me, but my
12 understanding is that those are supposed to be amortized
13 over the life of the debt issuance that they were tied
14 to.

15 **Q** Okay.

16 **A** [ROOKS] So, over time, that can gradually be amortized
17 away.

18 **MR. ELLIOTT:** Very fine. All right, good.

19 That's all I have. Thank you.

20 Thank you, Mr. Chairman.

21 **CHAIRMAN WHITFIELD:** Thank you, Mr. Elliott.

22 Ms. Ottenweller, questions for this panel?

23 **MS. OTTENWELLER:** I do have some questions.


24 Should I proceed at this time? I would say I have
25 maybe 30 minutes, or so.

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of EXCERPT(S) from proceedings had and testimony adduced in a hearing held in the above-captioned matter before the PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA;

That the witnesses appearing during said hearing were affirmed by me to state the truth, the whole truth, and nothing but the truth;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 15th day of April, 2018.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC
My Commission Expires: January 27, 2021.

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Annual Review of Base Rates for Fuel Costs for South Carolina Electric & Gas Company

DOCKET NO.: 2018-2-E

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PLEADING:

PETITION FOR REHEARING OR RECONSIDERATION

May 10, 2018


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